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COUNTRIES AND PEOPLES

CAYMAN ISLANDS

Working paper prepared by the Secretariat

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CAYMAN ISLANDS 1/

I. GENERAL

1. Information on the geographical features of the Cayman Islands is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, paras. 1-2). The total population of the Territory increased by an estimated 4 per cent and reached 13,900 in 1995. The non-Caymanian population increased by 5.9 per cent; 63 per cent of the resident population was Caymanian. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. Constitutional developments

2. Detailed information on the constitutional arrangements set out in the Cayman Islands (Constitution) Order, 1972, as well as in the Constitution Amendment Order, 1994, are contained in the previous working papers prepared by the Secretariat (A/AC.109/1190, paras. 3-21, and A/AC.109/2013, para. 4).

B. Political parties, elections and public service

3. Information on political parties, elections and public service is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, paras. 5-8).

III. ECONOMIC CONDITIONS

A. General

4. The Territory has one of the highest per capita incomes in the region, a stable political climate, and virtually no unemployment. Grand Cayman continues to be an attractive jurisdiction for the registration of offshore business, and public finances have improved significantly as a result of ongoing economic expansion.

5. Gross domestic product was estimated to have increased by 5.3 per cent in 1994 compared with 4.8 per cent in the previous year. The growth was largely attributed to strong tourism performance and increased construction activity. The islands' trade deficit, a result of the need to import most goods, was easily offset by revenues from tourism and financial sectors. 3/

B. Public finance

6. In 1994, the recurrent account surplus increased to $12.5 million, while the overall deficit declined to $2.2 million. The increase in recurrent revenue during 1994 reflected the general increase in economic activity, with continued expansion in 1995. The Government has continued with economic objectives of attracting capital intensive industries and encouraging non-traditional exports. 3/

C. Land tenure, agriculture, livestock and fisheries

7. The agricultural sector continued to record output increases as development continued under the aegis of the Agricultural Development Plan (ADP). This five-year plan (1991-1995) aims at boosting local production and reducing the Territory's dependence on imported food.

8. ADP activities included technical training in small-scale food processing; continued development of the Farmers Market which showed a 20 per cent increase in output; experimentation and research in crop production; and continuation of the livestock development programme. An agricultural loan programme was introduced, and there was continued development of an agricultural computer database. In addition, construction of a new abattoir was completed.

9. Principal crops in the Territory are bananas, mangoes, papayas, citrus fruits, sweet potatoes, pumpkins, tomatoes, avocado and coconuts. Cattle raising, pig farming and fishing are undertaken primarily for local consumption. During 1994, high-quality breed stock was imported in an effort to build up the quality and quantity of the local cattle herd. 3/

D. Tourism

10. The Territory's tourism industry accounts for 20 per cent of GDP and 75 per cent of hard currency earnings The tourism sector continued to experience substantial growth in 1994, with a 19 per cent increase in air arrivals, more than offsetting the slight decline in number of cruise ship visitors. Total tourism expenditure was up to $272 million, 20 per cent more than in 1993.

11. New emphasis on the markets in Europe resulted in a 100 per cent increase in the number of visitors from that area. A major contributing factor to this increase, together with an increase of 51 per cent in the number of visitors from Canada, was the introduction of two air charter services from the United Kingdom of Great Britain and Northern Ireland (AirTours and Caledonian) and one from Canada (Canadian Holidays). The United States of America remained one of the strongest markets, accounting for 80 per cent of all tourist arrivals. During the first five months of 1995, visitor arrivals were estimated to have increased almost 10 per cent over the same period in 1994.

12. Tourism investment, particularly in hotel development, accounted for a major portion of construction activity and planning approvals during 1994, which

were up 64 per cent. In 1995, announcements were made concerning a $6 million renovation project for the 212-room Holiday Inn on Seven Mile Beach, and a $6.25 million restoration project for Pedro St. James Castle, the oldest existing structure in the Cayman Islands. The latter is being developed as a major tourist attraction. Both renovation projects are expected to be completed in 1996.

13. The Government has completed its review of the Ten-Year Tourism Development Plan, and presented its Tourism Implementation Plan for 1995-1999. A primary objective of this programme is maintaining high-quality tourism products and services in the Territory.

14. The Territory has gained international renown for a wide range of water sports, and offers more professional diving operations and peripheral services than most competing tourist destinations in the region. The Government places an emphasis on cultural development, with major activities of the National Museum, National Archive and National Library dedicated to preserving and promoting cultural heritage. The National Trust and the Historic Sites Committee have similar objectives, as do several privately funded special interest organizations. 3/

E. Financial sector

15. General information on the Territory's financial sector is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, paras. 24-26).

16. The Cayman Islands operate as one of the largest offshore financial centres in the world, and the second largest offshore insurance centre after Bermuda. In 1994, the banking industry experienced its largest net increase in a decade of banks and trusts licensed, bringing the total number to 560, including 46 of the world's largest banks. The Territory remains the largest offshore banking centre in the Caribbean, with bank deposits at the end of 1994 totalling $463.7 billion. It was a record year for insurance also, 45 new companies being issued captive licences. The 560 banks, 361 offshore insurance companies and 31,612 companies registered in the Cayman Islands at the end of 1994 contributed CI$26 million to the local economy in licence and company registration fees. An amendment to the Companies Law lowering registration and annual fees contributed to the 14 per cent growth in the companies Register.

17. The final stages of implementation of the Mutual Funds Law introduced in 1993 were completed, and by the end of 1994 there were 890 companies registered as mutual funds, and some 68 as mutual fund administrators. 3/

F. Industry

18. Activity in the construction sector increased by 64 per cent in 1994, boosted mainly by tourism sector developments following the lifting of the moratorium on hotel construction on Seven Mile Beach. Public sector construction activity in 1994 included a $1.4 million expansion of the

relatively new state Community College. The Government's junior high school on Grand Cayman was expanded at a cost of $1.5 million. A $20 million development and expansion programme for the George Town Hospital commenced at the end of 1995. Other developments in 1994 included a clinic in Bodden Town, and an infant school in George Town. In general, infrastructural development kept pace with the expanding population and growing economy. 3/

G. Transport, utilities and communications

19. A total of $2.4 million in capital road work was completed in 1994. The Caribbean Utilities Company experienced an all-time peak load. The Water Authority completed its $8 million expansion to eastern areas of Grand Cayman, and a third reservoir was constructed, raising the total water storage capacity to 3 million US gallons. Plans are in place for a second storage and pumping facility.

20. The British telecommunications giant Cable & Wireless expanded its direct telephone lines in the Territory by 12.6 per cent in 1994. Early in 1995, it moved its regional office from London to the Cayman Islands. The new regional headquarters will serve the Caribbean, Bermuda, Atlantic islands, and an expanding number of businesses in Latin America. 3/

H. Environmental protection

21. Environmental protection has become an important development issue for the Territory, particularly in terms of the fragile marine environment considered vital to the tourism industry, as well as terrestrial species and ecosystems. Several laws were enacted in the Territory recently, among them the National Trust Law which provides for the preserving of the historic, natural and maritime heritage of the Islands. The Territory is a party to international agreements, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the Convention for the Protection of the Marine Environment of the Wider Caribbean Region. It is anticipated that the administering Power will complete ratification of the Convention on Biological Diversity and the United Nations Framework Convention on Climate Change on behalf of the Territory in the near future. 3/

IV. SOCIAL CONDITIONS

A. Labour and public health

22. Information on labour and public health in the Territory is contained in the previous working paper prepared by the Secretariat (see A/AC.109/2013 and Corr.1, paras. 42-48).

B. Crime and crime prevention

23. The Territory enjoys a clean image as a result of the strong stand taken against drug money and laundering possibilities. It is a member of the Caribbean Financial Action Task Force (CFATF) which puts high priority on guarding against money laundering, and in 1995 it was positively evaluated under the CFATF mutual evaluation scheme.

24. One of the Territory's strengths in fighting organized crime is the general coordination between the Financial Services Supervision Department, the Financial Investigations Unit, the Attorney General, other governmental officials and the various professional associations in the Cayman Islands. The Misuse of Drugs Law requires disclosure to appropriate law enforcement agencies of a "suspicion or belief" that transactions may involve drug money laundering. The Banks and Trusts Companies Law gives the Inspector of Financial Services access to confidential information necessary for effective regulation of licencees, and permits disclosure of information relating to offences. Other legislation with similar exceptions include the Insurance Law, Companies Management Law, and Mutual Funds Law. 3/

25. In 1995, partly because of budget cuts at the Pentagon and a strategy reorganization of the Caribbean Basin Radar Network (CBRN), the United States Air Force initiated closing of its radar tracking station. The $10 million station was used to track drug-carrying planes and ships in the western Caribbean. 4/

C. Education

26. Information on developments in educational conditions of the Territory is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, paras. 53-57).

27. There are nine primary schools, six private primary, four with secondary departments and three state high schools. There is a state Community College, which offers courses in business, and in the hotel and building trades, as well as recreational and general educational courses. The Community College has been expanded to include A levels and should commence offering associate degrees in a range of majors during 1996 (six others to be introduced at a later stage).

28. The International College of the Cayman Islands (ICCI) was founded in 1970 as a private, independent, higher education institution affiliated with several universities in the United States. There is a state law school, founded in 1981, which offers a three-year Bachelor of Laws degree in conjunction with the University of Liverpool in the United Kingdom, as well as the qualification of Attorney-at-Law of the Cayman Islands and a diploma in legal studies. There is also a school for the disabled. 3/

V. PARTICIPATION IN INTERNATIONAL ORGANIZATIONS AND ARRANGEMENTS

29. Information on the Territory's participation in international organizations and arrangements is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, paras. 58-60).

30. The United Nations Development Programme (UNDP) is providing development assistance to the Territory in accordance with its third country programme for the Cayman Islands, approved by the UNDP Governing Council in February 1993. A summary of UNDP assistance projects is contained in document A/AC.109/2013/Add.1.

VI. FUTURE STATUS OF THE TERRITORY

31. A summary of the position of the territorial Government is contained in the previous working paper prepared by the Secretariat (A/AC.109/2013 and Corr.1, para. 61).

32. A summary of the position of the administering Power towards its dependent Territories is contained in previous working papers prepared by the Secretariat (A/AC.109/1137, para. 17; A/AC.109/1180, paras. 30-36). For statements made during the fiftieth session of the General Assembly, see A/AC.109/2043, paragraphs 41-43.

33. On 6 December 1995, the General Assembly adopted resolution 50/38 B, a consolidated resolution on 12 Non-Self-Governing Territories, section V of which was specifically devoted to the Cayman Islands.

Notes

1/ The information contained in the present paper has been derived from published reports. The present working paper is an update of the previous working papers (A/AC.109/2013 and Corr.1).

2/ Caribbean Insight, October 1995.

3/ 1996 Caribbean Basin Commercial Profile.

4/ Caribbean Update, May 1995.